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SOUTHERN DISTRICT OF CALIFORNIA

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8 SHAWN HUDSPETH, and DEVIN STODDARD

9 UNITED STATES DISTRICT COURT

10 FOR THE SOUTHERN DISTRICT OF CALIFORNIA

11  
12 EMERALD BAY FUNDING, INC., a  
California corporation; EMERALD BAY  
13 FINANCIAL, INC., a California corporation,

14 Plaintiffs,

15 vs.

16 SHAWN HUDSPETH; DEVIN STODDARD;  
THE SOLUTION FUND, a California  
17 corporation; SOLUTION FUNDINGS, INC.,  
a California corporation; SOLUTION  
18 FINANCIAL, INC., a California corporation;  
DOES 1 through 50, inclusive,

19 Defendants.  
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Case No. 06CV2361-WQH (WMC)

PROTECTIVE ORDER

21 The Court recognizes that at least some of the documents and information ("materials")  
22 being sought through discovery in the above-captioned action are, for competitive reasons,  
23 normally kept confidential by the parties. The parties have agreed to be bound by the terms of  
24 this Protective Order ("Order") in this action.

25 The materials to be exchanged throughout the course of the litigation between the  
26 parties may contain trade secret or other confidential research, technical, cost, price, marketing  
27 or other commercial information, as is contemplated by Federal Rule of Civil Procedure  
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Case No. 06 CV-2361-WQH (WMC)

1 26(c)(7). The purpose of this Order is to protect the confidentiality of such materials as much as  
 2 practical during the litigation. THEREFORE:

### 3 DEFINITIONS

4 1. The term "Confidential Information" shall mean and include information  
 5 contained or disclosed in any materials, including documents, portions of documents, answers  
 6 to interrogatories, responses to requests for admissions, trial testimony, deposition testimony,  
 7 and transcripts of trial testimony and depositions, including data, summaries, and compilations  
 8 derived therefrom that is deemed to be Confidential Information by any party to which it  
 9 belongs.

10 2. The term "materials" shall include, but shall not be limited to: documents;  
 11 correspondence; memoranda; bulletins; blueprints; specifications; customer lists or other  
 12 material that identify customers or potential customers; price lists or schedules or other matter  
 13 identifying pricing; minutes; telegrams; letters; statements; cancelled checks; contracts;  
 14 invoices; drafts; books of account; worksheets; notes of conversations; desk diaries;  
 15 appointment books; expense accounts; recordings; photographs; motion pictures; compilations  
 16 from which information can be obtained and translated into reasonably usable form through  
 17 detection devices; sketches; drawings; notes (including laboratory notebooks and records);  
 18 reports; instructions; disclosures; other writings; models and prototypes and other physical  
 19 objects.

20 3. The term "counsel" shall mean outside counsel of record, and other attorneys,  
 21 paralegals, secretaries, and other support staff employed in the law firms identified below:

- 22 a. Fisher & Phillips LLP;
- 23 b. Law Offices of Gregg A. Johnson; and
- 24 c. Beberman, Stoffel & Beberman

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**GENERAL RULES**

4. Each party to this litigation that produces or discloses any materials, answers to interrogatories, responses to requests for admission, trial testimony, deposition testimony, and transcripts of trial testimony and depositions, or information that the producing party believes should be subject to this Protective Order may designate the same as "CONFIDENTIAL" or "CONFIDENTIAL - FOR COUNSEL ONLY."

a. Designation as "CONFIDENTIAL": Any party may designate information as "CONFIDENTIAL" only if, in the good faith belief of such party and its counsel, the unrestricted disclosure of such information could be potentially prejudicial to the business or operations of such party. The mere designation of documents as "CONFIDENTIAL" does not bar the opposing party from challenging this designation.

b. Designation as "CONFIDENTIAL - FOR COUNSEL ONLY": Any party may designate information as "CONFIDENTIAL - FOR COUNSEL ONLY" only if, in the good faith belief of such party and its counsel, the information is among that considered to be most sensitive by the party, including but not limited to trade secret or other confidential research, development, financial or other commercial information. The mere designation of documents as "CONFIDENTIAL - FOR COUNSEL ONLY" does not bar the opposing party from challenging this designation.

c. No designation in this Protective Order as "CONFIDENTIAL" or "CONFIDENTIAL - FOR COUNSEL ONLY" by the producing party shall be construed in any manner as an admission by the producing party that the documents or materials labeled by the producing party in fact contain proprietary, trade secret or confidential information.

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1           5.       In the event the producing party elects to produce materials for inspection, no  
2 marking need be made by the producing party in advance of the initial inspection. For purposes  
3 of the initial inspection, all materials produced shall be considered as "CONFIDENTIAL - FOR  
4 COUNSEL ONLY," and shall be treated as such pursuant to the terms of this Order. Thereafter,  
5 upon selection of specified materials for copying by the inspecting party, the producing party  
6 shall, within a reasonable time prior to producing those materials to the inspecting party, mark  
7 the copies of those materials that contain Confidential Information with the appropriate  
8 confidentiality marking.

9           6.       Whenever a deposition taken on behalf of any party involves a disclosure of  
10 Confidential Information of any party:

11           a.       Said deposition or portions thereof shall be designated as containing  
12 Confidential Information subject to the provisions of this Order; such  
13 designation shall be made on the record whenever possible, but a party may  
14 designate portions of depositions as containing Confidential Information after  
15 transcription of the proceedings; a party shall have until fifteen (15) days after  
16 receipt of the deposition transcript to inform the other party or parties to the  
17 action of the portions of the transcript designated "CONFIDENTIAL" or  
18 "CONFIDENTIAL - FOR COUNSEL ONLY;"

19           b.       The disclosing party shall have the right to exclude from attendance at  
20 said deposition, during such time as the Confidential Information is to be  
21 disclosed, any person other than the deponent, counsel (including their staff and  
22 associates), the court reporter, and the person(s) agreed upon pursuant to  
23 paragraph 8 below; and

24           c.       The originals of said deposition transcripts and all copies thereof shall  
25 bear the legend "CONFIDENTIAL" or "CONFIDENTIAL - FOR COUNSEL  
26 ONLY," as appropriate, and the original or any copy ultimately presented to a  
27 court for filing shall not be filed unless it can be accomplished under seal,  
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1 identified as being subject to this Order, and protected from being opened except  
2 by order of this Court.

3 7. All Confidential Information designated as "CONFIDENTIAL" or  
4 "CONFIDENTIAL - FOR COUNSEL ONLY" shall not be disclosed by the receiving party to  
5 anyone other than those persons designated herein and shall be handled in the manner set forth  
6 below and, in any event, shall not be used for any purpose other than in connection with this  
7 litigation, unless and until such designation is removed either by agreement of the parties, or by  
8 order of the Court.

9 8. Information designated "CONFIDENTIAL - FOR COUNSEL ONLY" shall be  
10 viewed only by counsel (as defined in paragraph 3) of the receiving party, and by independent  
11 experts under the conditions set forth in this Paragraph. The right of any independent expert to  
12 receive any Confidential Information shall be subject to the advance approval of such expert by  
13 the producing party or by permission of the Court. The party seeking approval of an  
14 independent expert shall provide the producing party with the name and curriculum vitae of the  
15 proposed independent expert, and an executed copy of the form attached hereto as Exhibit A, in  
16 advance of providing any Confidential Information of the producing party to the expert. Any  
17 objection by the producing party to an independent expert receiving Confidential Information  
18 must be made in writing within fourteen (14) days following receipt of the identification of the  
19 proposed expert. Confidential Information may be disclosed to an independent expert if the  
20 fourteen (14) day period has passed and no objection has been made. The approval of  
21 independent experts shall not be unreasonably withheld.

22 9. Information designated "CONFIDENTIAL" shall be viewed only by counsel (as  
23 defined in paragraph 3) of the receiving party, by independent experts (pursuant to the terms of  
24 paragraph 8), and by the additional individuals listed below, provided each such individual has  
25 read this Order in advance of disclosure and has agreed in writing to be bound by its terms:

26 a. Executives who are required to participate in policy decisions with  
27 reference to this action;

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1           b.     Technical personnel of the parties with whom Counsel for the parties  
2                 find it necessary to consult, in the discretion of such counsel, in preparation for  
3                 trial of this action; and

4           c.     Stenographic and clerical employees associated with the individuals  
5                 identified above.

6           10.    With respect to material designated "CONFIDENTIAL" or "CONFIDENTIAL –  
7                 FOR COUNSEL ONLY," any person indicated on the face of the document to be its originator,  
8                 author or a recipient of a copy thereof, may be shown the same.

9           11.    All information which has been designated as "CONFIDENTIAL" or  
10                "CONFIDENTIAL -FOR COUNSEL ONLY" by the producing or disclosing party, and any  
11                and all reproductions thereof, shall be retained in the custody of the counsel for the receiving  
12                party identified in paragraph 3, except that independent experts authorized to view such  
13                information under the terms of this Order may retain custody of copies such as are necessary  
14                for their participation in this litigation.

15           12.    Before any materials produced in discovery, answers to interrogatories,  
16                responses to requests for admissions, deposition transcripts, or other documents which are  
17                designated as Confidential Information are filed with the Court for any purpose, the party  
18                seeking to file such material shall seek permission of the Court to file said material under seal.  
19                The parties will follow and abide by applicable law, including Civ. L.R. 7.3, with respect to  
20                filing documents under seal in this Court.

21           13.    At any stage of these proceedings, any party may object to a designation of the  
22                materials as Confidential Information. The party objecting to confidentiality shall notify, in  
23                writing, counsel for the designating party of the objected-to materials and the grounds for the  
24                objection. If the dispute is not resolved consensually between the parties within seven (7)  
25                business days of receipt of such a notice of objections, the objecting party may move the Court  
26                for a ruling on the objection. The materials at issue shall be treated as Confidential Information,  
27                as designated by the designating party, until the Court has ruled on the objection or the matter  
28                has been otherwise resolved.

1           14. All Confidential Information shall be held in confidence by those inspecting or  
2 receiving it, and shall be used only for purposes of this action. Counsel for each party, and each  
3 person receiving Confidential Information shall take reasonable precautions to prevent the  
4 unauthorized or inadvertent disclosure of such information. If Confidential Information is  
5 disclosed to any person other than a person authorized by this Order, the party responsible for  
6 the unauthorized disclosure must immediately bring all pertinent facts relating to the  
7 unauthorized disclosure to the attention of the other parties and, without prejudice to any rights  
8 and remedies of the other parties, make every effort to prevent further disclosure by the party  
9 and by the person(s) receiving the unauthorized disclosure.

10           15. No party shall be responsible to another party for disclosure of Confidential  
11 Information under this Order if the information in question is not labeled or otherwise  
12 identified as such in accordance with this Order.

13           16. If a party, through inadvertence, produces any Confidential Information without  
14 labeling or marking or otherwise designating it as such in accordance with this Order, the  
15 designating party may give written notice to the receiving party that the document or thing  
16 produced is deemed Confidential Information, and that the document or thing produced should  
17 be treated as such in accordance with that designation under this Order. The receiving party  
18 must treat the materials as confidential, once the designating party so notifies the receiving  
19 party. If the receiving party has disclosed the materials before receiving the designation, the  
20 receiving party must notify the designating party in writing of each such disclosure. Counsel  
21 for the parties shall agree on a mutually acceptable manner of labeling or marking the  
22 inadvertently produced materials as "CONFIDENTIAL" or "CONFIDENTIAL - FOR  
23 COUNSEL ONLY" - SUBJECT TO PROTECTIVE ORDER.

24           17. Nothing herein shall prejudice the right of any party to object to the production  
25 of any discovery material on the grounds that the material is protected as privileged or as  
26 attorney work product.

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1           18. Nothing in this Order shall bar counsel from rendering advice to their clients  
2 with respect to this litigation and, in the course thereof, relying upon any information  
3 designated as Confidential Information, provided that the contents of the information shall not  
4 be disclosed.

5           19. This Order shall be without prejudice to the right of any party to oppose  
6 production of any information for lack of relevance or any other ground other than the mere  
7 presence of Confidential Information. The existence of this Order shall not be used by either  
8 party as a basis for discovery that is otherwise improper under the Federal Rules of Civil  
9 Procedure.

10           20. Nothing herein shall be construed to prevent disclosure of Confidential  
11 Information if such disclosure is required by law or by order of the Court.

12           21. Upon final termination of this action, including any and all appeals, counsel for  
13 each party shall, upon request of the producing party, return all Confidential Information to the  
14 party that produced the information, including any copies, excerpts, and summaries thereof, or  
15 shall destroy same at the option of the receiving party, and shall purge all such information  
16 from all machine-readable media on which it resides. Notwithstanding the foregoing, counsel  
17 for each party may retain all pleadings, briefs, memoranda, motions, and other documents filed  
18 with the Court that refer to or incorporate Confidential Information, and will continue to be  
19 bound by this Order with respect to all such retained information. Further, attorney work  
20 product materials that contain Confidential Information need not be destroyed, but, if they are  
21 not destroyed, the person in possession of the attorney work product will continue to be bound  
22 by this Order with respect to all such retained information.

23           22. The restrictions and obligations set forth herein shall not apply to any  
24 information that: (a) The parties agree should not be designated Confidential Information; (b)  
25 the parties agree, or the Court rules, is already public knowledge; (c) the parties agree, or the  
26 Court rules, has become public knowledge other than as a result of disclosure by the receiving  
27 party, its employees, or its agents in violation of this Order; or (d) has come or shall come into  
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1 the receiving party's legitimate knowledge independently of the production by the designating  
2 party. Prior knowledge must be established by preproduction documentation.

3 23. The restrictions and obligations herein shall not be deemed to prohibit  
4 discussions of any Confidential Information with anyone if that person already has or obtains  
5 legitimate possession thereof.

6 24. Transmission by facsimile is acceptable for all notification purposes herein.

7 25. This Order may be modified by agreement of the parties, subject to approval by  
8 the Court.

9 26. The Court may modify the terms and conditions of this Order for good cause, or  
10 in the interest of justice, or on its own order at any time in these proceedings. The parties prefer  
11 that the Court provide them with notice of the Court's intent to modify the Order and the  
12 content of those modifications, prior to entry of such an order.

13 27. The Court may modify this order *sua sponte* in the interest of justice.

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1           28.   This order is subject to further court orders based upon public policy and other  
2 considerations.

3           Date: February 27, 2007

FISHER & PHILLIPS LLP

5           By: *Ron S. Brand*

6           JAMES J. McDONALD, JR.  
7           RON S. BRAND  
8           TODD B. SCHERWIN  
9           Attorneys for Defendants  
10          THE SOLUTION FUND, SOLUTION  
11          FUNDING, INC., SOLUTION  
12          FINANCIAL, INC., SHAWN  
13          HUDSPETH, and DEVIN STODDARD

14          Date: February 27, 2007

LAW OFFICES OF GREGG A. JOHNSON

15          By: *Gregg A. Johnson*

16          GREGG A. JOHNSON  
17          Attorney for Plaintiffs

18               IT IS SO ORDERED.

19          Dated: *2/28*, 2007

20          *William McCurine, Jr.*  
21          JUDGE WILLIAM MCCURINE, JR.  
22          U.S. MAGISTRATE JUDGE  
23          UNITED STATES DISTRICT COURT

**EXHIBIT A**

**AGREEMENT TO BE BOUND BY PROTECTIVE ORDER**

I, \_\_\_\_\_, declare and say that:

1. I am employed as \_\_\_\_\_  
by \_\_\_\_\_.

2. I have read the Protective Order entered in EMERALD BAY FUNDING v. SHAWN HUDSPETH, et. al., Case No. 06CV2361-WQH (WMC), and have received a copy of the Protective Order.

3. I promise that I will use any and all "CONFIDENTIAL" or "CONFIDENTIAL - FOR COUNSEL ONLY" information, as defined in the Protective Order, given to me only in a manner authorized by the Protective Order, and only to assist counsel in the litigation of this matter.

4. I promise that I will not disclose or discuss such "CONFIDENTIAL" or "CONFIDENTIAL - FOR COUNSEL ONLY" information with anyone other than the persons described in paragraphs 3, 8 and 9 of the Protective Order.

5. I acknowledge that, by signing this agreement, I am subjecting myself to the jurisdiction of the United States District Court for the Southern District of California with respect to enforcement of the Protective Order.

6. I understand that any disclosure or use of "CONFIDENTIAL" or "CONFIDENTIAL - FOR COUNSEL ONLY" information in any manner contrary to the provisions of the Protective Order may subject me to sanctions for contempt of court.

I declare under penalty of perjury that the foregoing is true and correct.

Date: \_\_\_\_\_